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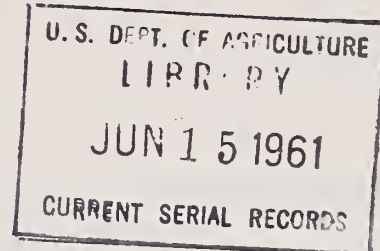
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July 1960
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The DEMAND and PRICE SITUATION

DPS-67



Approved by the Outlook and Situation Board, July 20, 1960

SUMMARY

Another year of high production of farm products is indicated for 1960, according to preliminary estimates in the July Crop Report. Crop output would equal the all-time highs attained in 1958 and 1959. Planted acreage of 333 million is estimated for 1960 harvest, about $4\frac{1}{2}$ million below last year. But yields are expected to average slightly higher. Prospective trends in production of meat animals and other livestock products point to combined output near the record levels of 1959.

Feed grain tonnage is likely to fall short of last year's record output by around 4 percent as prospects for less corn and sorghum grains more than offset increases indicated for oats and barley. Food grain production now looks as if it will exceed 1959 output by about 18 percent with sizable increases for both winter and spring wheat; the indicated production of rice is about the same as in 1959. Larger acreages than in 1959 were planted to soybeans, flaxseed and cotton while acreages were smaller for tobacco, dry beans and peas. Vegetable acreage for processing is about the same as in 1959, but below average, and fruit production in general is not expected to match 1959 output.

Production of livestock and livestock products may total close to 1959 output. Reduced production of hogs and eggs this year will be largely offset by increased production of beef cattle, broilers and dairy products.

(Continued on page 3)

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AGRICULTURAL MARKETING SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1959			1960		
		Year	June	Mar.	Apr.	May	June
Industrial production, seasonally adj. <u>1/</u>	1947-49=100	159	166	166	165	167	166
All manufactures	do.	158	166	165	164	166	165
Durable goods	do.	165	179	175	172	175	172
Nondurable goods	do.	155	156	158	159	161	162
Mining	do.	125	129	125	128	127	127
Utilities	do.	268	271	288	288	287	288
Construction:							
Total outlays, seasonally adjusted <u>2/</u>	Mil. dol.	54,313	4,705	4,522	4,480	4,488	4,449
Public construction	Mil. dol.	15,970	1,418	1,306	1,299	1,313	1,285
Private residential	Mil. dol.	22,377	1,939	1,776	1,763	1,753	1,758
Housing starts <u>3/</u> *	Thousands	1,517	1,577	1,112	1,325	1,336	1,334
Manufacturers' sales and inventories: <u>2/</u>							
Total sales, seasonally adjusted	Mil. dol.	29,758	31,248	30,840	31,030	31,030	
Durable goods	Mil. dol.	15,359	15,771	15,170	15,000	15,090	
Unfilled orders-sales ratio <u>5/</u>		3.25	2.98	3.05	3.02	2.96	
Inventory-sales ratio <u>6/</u>		1.73	1.67	1.76	1.76	1.77	
Durable goods		1.96	1.92	2.09	2.13	2.13	
Employment and wages: <u>7/</u>							
Total civilian employment	Millions	65.6	67.3	64.3	66.2	67.2	68.6
Nonagricultural	do.	59.7	60.1	59.7	60.8	61.4	61.7
Unemployment	do.	3.8	4.0	4.2	3.7	3.5	4.4
Workweek in manufacturing	Hours	40.3	40.7	39.7	39.4	39.9	40.0
Hourly earnings in manufacturing	Dollars	2.22	2.24	2.29	2.28	2.29	2.29
Income and spending:							
Personal income payments <u>2/</u> <u>3/</u>	Bil. dol.	383.3	386.8	397.0	401.9	404.7	405.8
Consumer credit outstanding <u>1/</u>	Mil. dol.	52,046	47,522	51,162	52,169	52,831	
Automobile	Mil. dol.	16,590	15,566	16,876	17,218	17,481	
Total retail sales, seasonally adj. <u>2/</u>	Mil. dol.	17,930	18,189	18,234	18,869	18,557	18,679
Durable goods	Mil. dol.	5,962	6,162	5,937	6,303	6,083	6,123
Inventory-sales ratio <u>6/</u>		1.36	1.36	1.38	1.32	1.36	
Prices:							
Wholesale prices, all commodities <u>4/</u>	1947-49=100	120	120	120	120	120	120
Commodities other than farm and food	do.	128	128	129	129	128	128
Farm products	do.	89	90	90	91	90	89
Foods processed	do.	107	108	107	107	107	108
Consumer price index, all items <u>4/</u>	1947-49=100	125	124	126	126	126	
Food	do.	118	119	118	120	120	
Prices received by farmers <u>8/</u>	1910-14=100	240	242	241	242	241	236
Crops	do.	221	229	222	225	228	221
Livestock and products	do.	256	253	257	257	252	248
Prices paid, interest, taxes and wage rates <u>8/</u>	1910-14=100	298	298	300	302	301	299
Family living items	do.	289	288	289	291	291	290
Production items	do.	266	267	267	268	267	266
Parity ratio <u>8/</u>		81	81	80	80	80	79
Farm income and marketings: <u>8/</u>							
Volume of farm marketings	1947-49=100	128	109	98	98	104	115
Cash receipts from farm marketings	Mil. dol.	33,146	2,368	2,150	2,199	2,298	2,500

Annual data for most of these items for years 1929, 1939, 1941 and 1946-59 appear on page 40 of the April 1960 issue.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates. 4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Unfilled orders for durables divided by monthly deliveries. 6/ Inventories, book value, end of month, divided by sales. 7/ Bureau of the Census. 8/ U. S. Department of Agriculture, Agricultural Marketing Service. *Beginning May 1960 the series for housing starts includes farm and private nonfarm units. The nonfarm series has been adjusted for under coverage and different seasonal adjustment factors. Data for the new series are available back to January 1959.

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T H E D E M A N D A N D P R I C E S I T U A T I O N
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Approved by the Outlook and Situation Board, July 20, 1960

CONTENTS

	<u>Page</u>		<u>Page</u>
: Summary	1	: Rice	19
: General Business Conditions	5	: Fruit	20
: Farm Income	13	: Commercial Vegetables	21
: Livestock and Meat	13	: Potatoes and Sweetpotatoes .	22
: Dairy Products	14	: Dry Beans and Peas	22
: Poultry and Eggs	15	: Cotton	23
: Oilseeds, Fats and Oils	16	: Wool	23
: Feed	17	: Tobacco	24
: Wheat	18		

Continued from cover page -

A substantial improvement in the second quarter has raised farmers' realized net income in the first half of 1960 to an average annual rate of approximately \$11 billion. This was 9 percent smaller than in the first half of 1959, but only 3 percent below the estimate for the full year 1959.

Cash receipts from farm marketings in the first half of 1960 were slightly smaller than in the first half of 1959, as a small decline in average prices of farm products was partly offset by an increase in volume of sales. Production expenses in the first 6 months were at a level slightly above 1959, but cost rates to farmers have generally held fairly stable so far this year. Contributing to the increase from last year were higher wage rates, property taxes, and interest charges, plus higher prices paid for some commodities of nonfarm origin. Partially offsetting were lower average prices for feed and feeder livestock.

Farm product prices have trended lower the last 2 months. The mid-June index at 236 (1910-14=100) was $2\frac{1}{2}$ percent below a year ago. Seasonal increases in marketings of vegetables combined with heavy egg supplies accounted for the dip in prices received by farmers in May and June. Prices paid by farmers including interest, taxes, and farm wage rates in mid-June at 299 were slightly below May, but 1 point above a year ago; the parity ratio in June was 79, 2 points below a year earlier.

Gross national output in the second quarter rose a little from the first quarter rate of \$501 billion. Business trends during the second quarter were mixed. Capital spending by business and retail buying by consumers continued to rise. Construction activity declined and the rate of inventory accumulation slackened. Factory production averaged about the same but employment outside manufacturing picked up in the second quarter of 1960.

Soaring merchandise exports helped reduce the U. S. balance of payments deficit by an annual rate of nearly \$1 billion during the first quarter of 1960. Almost half the export gain during the quarter was due to cotton and to a lesser extent other agricultural commodities. Except for fuels, exports approached the record 1957 rate. Further improvements in iron and steel products and machinery, as well as some consumer goods including automobiles, will help maintain a high export rate during the remainder of the year. This may make possible a further reduction in the outflow of gold and dollars from the current rate of \$2.8 billion.

Commodity Highlights

In the next few months meat production will be below a year earlier due to lower hog slaughter. Cattle slaughter will likely be moderately higher this summer. Fed cattle prices probably will hold close to present levels and average below a year earlier. Hog prices will decline seasonally this fall but will continue well above year earlier levels.

Milk output in the first half of 1960 was around 1 percent above the same period in 1959. Production each month this year was higher than a year earlier.

The number of chickens raised this year will be down from 1959. The indicated smaller laying flock will tighten egg supplies and prices will likely be above year earlier levels for most of the remainder of this year.

Soybean exports will probably total a record 130 million bushels for the 1959-60 marketing year, about 20 million bushels more than last year. Exports of soybean and cottonseed oils also are expected to reach a new high of over 1,400 million pounds during the current marketing year, compared with 1,336 million last year.

Total supplies of feed grains and other concentrates for 1960-61 are expected to be slightly above last year's record. Indicated feed grain production is 4 percent smaller but this is expected to be a little more than offset by a larger carryover.

The prospect for the 1960 wheat crop improved in June and on July 1 the total crop was estimated to total 1,347 million bushels. This is over 200 million more than in 1959 and the third largest crop in history.

The supply of rice in the year beginning next August is estimated at 66.5 million cwt., rough rice equivalent, about $3\frac{1}{2}$ million cwt. below a year ago.

The generally smaller 1960 deciduous fruit crops will likely reduce fresh market supplies somewhat from last year. Lighter packs of canned and frozen fruits are likely.

Supplies of fresh vegetables, while at their seasonal peaks, are expected to be slightly smaller than last summer. Prices to growers during the next 6 to 8 weeks will probably average moderately higher than a year earlier.

Cotton acreage in 1960 is estimated at 16.3 million acres, about one-half million larger than a year earlier.

U. S. mill consumption of raw wool in January-May 1960 totaled 178.4 million pounds, scoured basis, 3 percent less than in the same period a year ago.

Tobacco production in 1960 is estimated to total 1,843 million pounds, nearly 3 percent above the 1959 crop.

GENERAL BUSINESS CONDITIONS

Business trends were mixed in the April-June quarter, but total gross national output probably rose a little from the January-March rate of \$501 billion. Capital spending by businessmen and retail sales increased from January-March, but factory production was about the same.

Personal income at an annual rate of \$404 billion in the second quarter compared with \$396 billion in January-March and was 5 percent above a year ago. Higher wage and salary payments led the rise and were due largely to a small gain in nonfarm employment. Further small gains were recorded in wage payments in trade, service and Government between the first and second quarters of 1960. With some improvement in farm prices and an increase in the volume of marketings, farm proprietors' income picked up in the second quarter. There also were small increases in business and professional income, interest and dividend payments.

Retail Sales Up in April-June

Retail sales in the second quarter were at an annual rate of \$224 billion, 3 percent above both the first quarter and April-June 1959. Sales by durable goods stores in the second quarter averaged a little higher than a year earlier. Sales of the automotive group were $3\frac{1}{2}$ percent above the first quarter and about 2 percent above a year ago. Sales of appliances and furniture were slightly below a year ago, in part due to reduced volume of home building. Nondurable goods store sales in April-June exceeded January-March and were $4\frac{1}{2}$ percent above a year ago. Sales of the food group in April-June were $4\frac{1}{2}$ percent above a year earlier. Urban retail food prices moved above a year earlier, and in May they were nearly 2 percent higher than in May 1959.

Consumer Credit
Higher

In the first half of 1960 consumer instalment credit outstanding continued to expand but at an annual rate somewhat below that in the second and third quarters of 1959. The rapid rise in consumer spending in economic expansions is supported and stimulated by a rise in consumer credit outstanding. In the later stages of an economic expansion the rise in consumer credit tends to taper off reflecting the slackening of the rate of economic expansion. During the last two recoveries in 1955 and 1959 consumer credit rose about \$5-1/2 billion compared with \$1.0 billion in 1954 and \$300 million in 1958, years in which economic recessions were centered.

In the last decade the amount of consumer credit extended has risen more rapidly than personal disposable income. The amount of instalment debt outstanding in 1959 was 12 percent of disposable income compared with 7 percent in 1950. Although consumer debt has grown rapidly, the delinquency and repossession rates remain moderate.

The proportions of the various types of consumer instalment credit outstanding have shifted over the past five years. In 1955 and again in 1959 instalment credit increased about the same amount. The proportion of additional

Table 1.--Personal income and retail sales, durable and nondurable,
seasonally adjusted annual rates, second quarter 1959
to second quarter 1960

Item	1959			1960	
	II	III	IV	I	II
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
Personal income	384.5	384.8	389.0	396.2	404.1
Retail sales	217.5	216.8	214.7	217.7	224.4
Durable goods stores	73.6	72.1	69.5	71.5	74.0
Automotive group	41.0	39.6	37.3	40.3	1/41.7
Furniture and appliances	11.2	11.2	11.0	10.8	1/11.0
Lumber, building hardware group	12.3	11.8	11.6	11.5	1/11.0
Nondurable goods stores	143.9	144.6	145.2	146.2	150.4
Apparel	13.3	13.4	13.4	13.7	1/13.8
Food group	51.7	51.4	52.2	53.3	1/54.0
Eating and drinking places	15.6	15.8	16.0	15.8	1/16.4
Gasoline service stations	16.6	16.8	17.2	17.3	1/17.8
Drug and proprietary stores	7.1	7.2	7.3	7.5	1/7.5

1/ April-May average.

Derived from Department of Commerce data.

credit used for automobiles dropped from 57 to 36 percent, while all other types of instalment credit have increased in importance. Lenders have encouraged extensive use of consumer credit to finance a wide variety of goods and services which 5 years ago were purchased for cash. For example, a number of banks have introduced revolving credit plans, along with their more active use by retail stores. Personal loans in 1959 accounted for more than one-fourth of instalment credit outstanding, almost a 20 percent rise since 1955. This shift probably reflects a change in the structure of financing consumer durables other than automobiles. The rising importance of repair and modernization-loans reflects an upgrading of housing.

Table 2.--Increase in consumer credit, by major components, 1955 and 1959

Major components	Total increase		Percent of total increase	
	1955	1959	1955	1959
	Mil. dol.	Mil. dol.	Pct.	Pct.
Instalment credit	5,390	5,402	84.0	83.6
Automobile paper	3,663	2,353	57.1	36.4
Other consumer goods paper	883	1,320	13.8	20.4
Repair and modernization loans	73	354	1.1	5.5
Personal loans	771	1,375	12.0	21.3
Noninstalment credit	1,028	1,058	16.0	16.4
Total consumer credit	6,418	6,460	100.0	100.0

Note: The 1959 increase included the addition of the amount of credit outstanding in Alaska and Hawaii which was about \$200 million. Because of rounding, figures do not necessarily add to totals.

Board of Governors of the Federal Reserve System.

Industrial Production Down Slightly

Industrial production in the second quarter declined a point from the first quarter rate, about the same as a year earlier. The index (1957=100) picked up a point from March and April to 110 in May but declined to 109 in June. In recent months the continued decline in steel and output in related industries more than offset small gains in such durable goods as machinery and fabricated metals, autos, apparel, chemicals, petroleum and rubber.

The relative stability in industrial production reflects the stability in manufacturing sales and new orders in the second quarter. Sales have exceeded orders for most months in 1960, with durable goods showing the greatest difference. As a result, order backlogs have declined and in May they were 5 percent below a year ago. Among the industry groups the new orders-sales ratios have declined the most in primary metals which were down about a third from January. The reduced level of new orders for steel reflect smaller automobile and construction demand, and heavier stocks among steel users than were anticipated early in 1960. New and unfilled orders in transportation equipment and machinery in May were about the same as January reflecting the relatively strong demand in these industries.

Table 3.--Manufacturers' sales, new orders, unfilled orders and inventories.
May 1958, May 1959 and January and May 1960

(Billions of dollars except as noted)							
Item	:	May 1958	:	May 1959	:	1960	
						Jan.	May
Manufacturers' sales, total	:	25.2	:	30.7	:	31.1	31.0
Durable	:	11.6	:	15.5	:	15.4	15.1
Nondurable	:	13.6	:	15.2	:	15.7	15.9
New orders, total	:	25.0	:	30.5	:	29.8	30.4
Durable	:	11.4	:	15.2	:	14.2	14.6
Nondurable	:	13.6	:	15.3	:	15.6	15.8
Unfilled orders, total	:	46.1	:	50.1	:	50.8	47.7
Durable	:	43.5	:	46.7	:	47.5	44.6
Nondurable	:	2.6	:	3.4	:	3.4	3.1
Inventories, end of month, total	:	50.9	:	51.6	:	53.3	55.0
Durable	:	29.0	:	29.7	:	30.8	32.1
Nondurable	:	21.9	:	21.9	:	22.5	22.9
Stock-sales ratio, total	:	2.02	:	1.68	:	1.71	1.77
Durable	:	2.50	:	1.92	:	2.00	2.13
Nondurable	:	1.61	:	1.44	:	1.43	1.44
Unfilled orders-sales ratio, total	:	1.83	:	1.63	:	1.63	1.54
Durable	:	3.75	:	3.01	:	3.08	2.95
Nondurable	:	.19	:	.22	:	.22	.19
New orders-sales ratio, total	:	.99	:	.99	:	.96	.98
Durable	:	.98	:	.98	:	.92	.97
Nondurable	:	1.00	:	1.01	:	.99	.99

Output Per Man-Hour
Up 4 Percent in 1959

Widespread attention recently has been given to trends in output per man-hour in the private economy. During early stages of recovery periods, better than average gains in output per man-hour have occurred, while smaller gains have occurred in years of economic recession. In 1954 output per man-hour increased $2\frac{1}{2}$ percent and in 1958, 1 percent. In 1950, the increase was 7 percent, 1955, $4\frac{1}{2}$ percent and over 4 percent in 1959. The average gain in output per man-hour in private industries was about 3 percent between 1947 and 1959.

Output per man-hour in agriculture nearly doubled for the postwar period reflecting technological advances, increased use of machinery, fertilizer, etc. Farm output was up about a fifth, while man-hours in agriculture dropped about a third in the period. In contrast, gains in output per man-hour in private nonfarm industries were more moderate. Output was up about 50 percent between 1947 and 1959 in the private nonfarm sector and man-hours rose about a tenth. The average annual postwar increase in productivity in private nonfarm industries was $2\frac{1}{2}$ percent, less than half the 6 percent average gain in agriculture. The indexes of output per man-hour measure the combined effects of a number of interrelated factors, such as worker and managerial skills, changes in technology, capital investment per worker, utilization of capacity, layout and flow of material and labor-management relations.

Employment Higher

Civilian employment in the second quarter averaged 67.2 million compared with a seasonally adjusted rate of about 66 million in both January-March and in the second quarter of 1959. This employment gain from a year ago is about the same as the increase in the labor force. Most of the rise in nonfarm employment between the first and second quarters was in nonmanufacturing which increased about 200,000 while manufacturing jobs declined slightly. Employment was higher in trade, finance, services, and Government--mostly State and local. Farm employment expanded in June to 8.3 million, up 446,000 from May, but 4 percent below a year ago, according to estimates of the Agricultural Marketing Service. Bad weather in the May survey week curtailed employment and was responsible for a more than seasonal increase in June.

Construction Activity Dips

Total construction outlays in April-June were at an annual rate of \$53.7 billion compared with \$54.2 billion in January-March and \$56.4 billion a year earlier. A large part of the drop over the past year was due to reduced residential building. In the second quarter of 1960 the volume of residential construction was \$21.1 billion compared with \$21.4 billion in the first quarter and \$23.5 billion a year earlier. However, the recent easing of interest rates and generally easier credit terms should stimulate new starts and housing activity later this year. Public construction has declined from a year earlier, due to a lower level of highway, military and nonresidential facilities.

Table 4.--Indexes of private employment, man-hours and real product per man-hour, 1947, 1950, 1958 and 1959

(1947-49=100)						
Item	1947	1950	1958	1959	1/	
Total private						
Employment	99.1	101.9	106.0	108.6		
Man-hours <u>2/</u>	100.1	99.9	98.7	101.5		
Gross national product (1954 dollars)	97.5	110.2	137.3	147.2		
Real product per man-hour	97.4	110.3	139.1	145.0		
Agriculture						
Employment	101.7	93.3	70.0	69.9		
Man-hours <u>2/</u>	102.5	91.3	63.0	63.0		
Gross national product (1954 dollars)	92.9	106.0	119.2	119.8		
Real product per man-hour	90.6	116.1	189.2	190.2		
Nonagricultural industries						
Employment	98.6	103.4	112.6	115.7		
Man-hours <u>2/</u>	99.5	101.3	106.5	110.0		
Gross national product (1954 dollars)	97.9	110.5	138.6	149.2		
Real product per man-hour	98.4	108.5	130.1	135.6		

1/ Preliminary. 2/ Based primarily on labor force data.

U. S. Department of Labor.

Balance of Payments Deficit Reduced

During the first quarter of 1960 the U. S. balance of payments deficit declined by \$800 million from a year earlier due to a substantial rise in exports. The excess of U. S. payments over receipts was at a seasonally adjusted annual rate of \$2.8 billion compared with a realized deficit of \$3.8 billion in 1959 and \$3.5 billion in 1958. Total U. S. receipts in the first quarter of 1960 were at an annual rate of about \$27 billion compared with \$25.8 billion in calendar year 1959. Commercial exports (excluding military shipments under grants) totaled about \$18.2 billion, \$2 billion above the 1959 rate, and close to the previous peak reached in 1957, except for fuels. On the other hand, total payments to foreign countries during the quarter, at a seasonally adjusted annual rate of \$30 billion, merchandise imports at an annual rate of \$15.2 billion, as well as economic aid at a rate of \$3 billion showed little change from 1959.

Table 5.--U. S. balance of payments, calendar years 1958-59,
first quarter 1959 and 1960 1/

Item	1958	1959	January-March		Change from 1st qtr. 1959 to 1st qtr. 1960
			1959	1960	
	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.	Bil. dol.
U. S. receipts					
Exports					
Merchandise	16.3	16.2	15.3	18.2	2.9
Services	7.1	7.2	7.1	7.5	.4
Repayments of U. S. Government loans	.5	1.0	1.2	.7	-.5
Foreign long term investment in U. S.	<u>3/</u>	.5	.3	.8	.5
Other <u>2/</u>	.4	.8	.6	<u>3/</u>	-.6
Total	24.3	25.8	24.5	27.2	2.7
U. S. payments					
Imports					
Merchandise	13.0	15.3	14.4	15.2	.8
U. S. military expenditures abroad	3.4	3.1)8.1	8.6	.5
Other services	4.7	5.2			
Government grants and loans <u>4/</u>	2.8	2.6	2.5	2.5	---
U. S. private capital outflow and other Government capital outflow <u>5/</u>	3.2	2.6	2.4	2.9	.5
Remittances and pensions	.7	.8	.7	.8	.1
Total	27.8	29.6	28.1	30.0	1.9
Balance on merchandise trade	3.3	.9	.9	3.0	2.1
Balance on other transactions	-6.8	-4.7	-4.5	-5.8	1.3
Increase in foreign gold and dollar assets	3.5	3.8	3.6	2.8	-.8

1/ Seasonally adjusted annual rate.2/ Net receipt from unrecorded transactions (errors and omissions).3/ Less than \$50 million.4/ Excludes U. S. subscription of \$1,375 million to International Monetary Fund.5/ Includes net change in foreign currency holdings and short term claims on foreigners.

Federal Financial Position Improves in 1959-60

In the fiscal year just ended Treasury cash deposits (receipts) rose \$13 billion to \$94.9 billion. The rise in economic activity was the most important factor in the sharp pickup in individual and corporation tax receipts. Cash withdrawals (expenditures) in 1959-60 totaled \$93.5 billion, down slightly from \$94 billion in 1958-59. Benefit payments under social security, unemployment insurance, and railroad and civil service retirement programs were higher, but spending for agriculture and defense programs were lower.

With a sharp rise in cash deposits and only a small increase in withdrawals, the Federal Government's net cash deficit of \$1.2 $\frac{1}{2}$ billion in 1958-59 changed to a net surplus of \$1 $\frac{1}{2}$ billion in 1959-60.

Prices Stable

In June prices paid by farmers for family living items were about unchanged. The June index at 290 (1910-14=100) was the record high for that month and was nearly 1 percent above a year earlier. Urban consumer prices increased slightly in May and the Bureau of Labor Statistics index at 126.3 (1947-49=100) was nearly 2 percent above a year ago. Between April and May durable goods prices, particularly new and used cars, were lower. Nondurable goods prices held steady as slight increases in food were offset by declines in other commodities. However, the cost of services continued to climb and in May averaged 3 percent higher than May 1959.

Wholesale prices in May and June dipped slightly from the April high. The largest relative declines were in farm products, but industrial prices also were down slightly. Prices of lumber, hides and leather, metals and machinery averaged lower than in April.

Agricultural Prices Lower

Prices received by farmers have trended lower in the last 2 months. The mid-June index of prices received was 236 (1910-14=100), down 2 $\frac{1}{2}$ percent from both April this year and June 1959. Increased supplies of vegetables resulted in a price drop of about a fifth between May and June. Potato prices also dipped sharply. Prices of all meat animals except hogs declined. Egg prices dipped as supplies were heavy, but mid-June prices were about a fourth above June 1959. Prices on major central markets in early July averaged about the same as mid-June, with increases in prices of hogs, eggs and potatoes about offsetting declines in most grains and beef cattle.

Prices paid by farmers including interest, taxes, and farm wage rates declined in mid-June due to lower prices for both family living and production goods. Among production goods the cost of farm machinery and motor supplies was higher while the cost of feeder livestock, farm tractors and autos and trucks was lower. With prices received down more than prices paid the parity ratio at 79 was 1 point under May and 2 points below a year earlier.

FARM INCOME

A substantial improvement in the second quarter has raised farmers' realized net income in the first half of 1960 to an average annual rate of approximately \$11 billion. This was 9 percent lower than in the first half of 1959, but only 3 percent below the estimate for the full year 1959. Cash receipts from farm marketings in the first half of 1960 were slightly smaller than in the first half of 1959. Production expenses in the first 6 months were at a level slightly above 1959, but cost rates to farmers have generally held fairly stable so far this year.

Cash receipts from farm marketings of approximately \$13.8 billion during the first half of 1960 were only about 1 percent below the revised estimate for the same period in 1959. Receipts have risen from 91 percent of 1959 in January to 103 percent in June. For the 6 months, volume of marketings averaged about 2 percent higher and prices 3 percent lower than in the 1959 period.

Farmers received about \$9.1 billion from livestock and livestock products during the first 6 months of 1960, nearly 3 percent less than in 1959. The decline was accounted for by lower cattle and hog prices, which were down 10 and 6 percent, respectively. Receipts for dairy products, poultry, and eggs were up about 2 percent, while wool receipts were off because of smaller marketings.

First-half crop receipts of \$4.7 billion were up about 1 percent, mostly because of larger marketings of corn and soybeans and higher prices for potatoes. These increases were partly offset by smaller marketings of wheat and smaller marketings and lower prices for cotton lint and oranges. While the mentioned crops accounted for most of the change, declines in receipts were registered for 28 and increases for 46 other crops.

Preliminary estimates for June 1960 indicate receipts from farm marketings of nearly \$2.5 billion, up 3 percent from the revised estimate for June 1959. Receipts from livestock and products are tentatively placed at \$1.6 billion, up nearly 4 percent from June 1959. Higher prices in recent months for eggs and hogs accounted for most of the increase. Tentative crop receipts in June of \$0.9 billion, were 3 percent larger than in 1959, because of larger marketings of wheat and corn.

LIVESTOCK AND MEAT

Meat production during the next few months will fall short of year-earlier output due to the reduction in hog slaughter. Cattle slaughter will likely be up moderately. Price reaction to the smaller spring pig crop is underway with prices above a year ago and increasing seasonally. Fed cattle prices will probably hold close to present levels this summer, but some seasonal decline is in prospect for grass cattle. Sheep and lamb marketings are expected to be up a little from last summer and prices will average lower than a year ago.

By midyear, hog slaughter had fallen below a year earlier. The cut in the 1959 spring pig crop--16 percent from a year before--will increasingly influence marketings this summer. Prices will be substantially above last year and will continue so through the seasonal decline this fall.

Producer's intentions for this fall are for 4 percent fewer farrowings than last fall. Hence, hog prices will stay above a year earlier through at least the early part of 1961.

Marketings of fed steers and heifers will continue large the rest of this year. The number of cattle and calves on feed July 1 in 21 leading States was 4 percent greater than last July. Producers reported intentions to market 58 percent of these during July-September. This would be about 6 percent more than in these months last year. Relatively stable fed cattle prices seem probable the rest of the year. Prices will continue below a year earlier during most or all of this period.

Slaughter of non-fed cattle this summer probably will be a little larger than last summer. Some seasonal declines are possible in prices of cows and feeder cattle.

Sheep and lamb prices in July are averaging below those of last July. They will probably continue below those of a year earlier through 1960 in view of the probable level of cattle prices and the expectation of slightly higher slaughter.

DAIRY PRODUCTS

The average price received by farmers for all milk in June was \$3.78 per hundredweight, compared with \$3.72 a year earlier and \$3.66 two years earlier. Prices of milk for both fluid purposes and manufacturing are running higher than a year earlier.

Production of milk in the United States so far in 1960 has been higher than a year earlier in each month. The increase for June over June 1959 was 82 million pounds, or .7 percent. For the first half of 1960 output was up 718 million pounds, or 1.1 percent. Total output of milk in 1959 was 124.4 billion pounds, a decline of one-half billion pounds from 1958 and 1.5 billion from the record high of 1957. From 1953 through 1959, total milk output increased about 3 percent. Since this was less than the increase in population output per capita registered a decline of 9 percent.

Data for Federal Order markets and for a few States for which records are available indicate a slight increase for whole milk sales over a year earlier. Sales of both skim milk and cream items (including California) are substantially greater than last year. Utilization of milk in factory products as a group also has been running above 1959, with butter showing the largest sustained increase.

Consumption of butter per capita appears headed for another new record low in 1960, possibly to around 7.8 pounds compared with 8.0 pounds in 1959. With production substantially larger and aggregate consumption about the same so far as a year earlier, sales of butter to CCC in recent weeks have exceeded those of a year earlier. However the 65 million pound total for the first 3 months of this marketing year was 2 million less than a year earlier. The

CCC stock position on butter has increased to the point that USDA has resumed offering butter to domestic and foreign outlets. Such sales were suspended in September 1959. Only negligible quantities of cheese have been sold to the CCC so far this marketing year. With production of nonfat dry milk continuing at record levels, sales to CCC this marketing year are exceeding those of a year earlier. Ample quantities of this item are available for all eligible domestic outlets, and substantial quantities are programmed for distribution abroad.

POULTRY AND EGGS

Cool weather through late spring delayed and limited the usual seasonal decline in egg production, with the result that prices declined in late May and June, after rising sharply in March and April. The average price received by farmers in mid-June was 31.2 cents per dozen, 1.5 cents lower than in May. The mid-June average was still well above 1959, but later in the month some individual quotations were below corresponding 1959 prices.

As egg prices declined, USDA resumed its program for the purchase of dried whole egg solids. About $2\frac{1}{2}$ million pounds were bought in the 3 weeks ending in mid-July, at prices up to about \$1.14 per pound. These purchases were equivalent to about 2 percent of farm production.

In April the upturn in egg prices triggered a turn-about in the setting of eggs for hatching egg-type chicks for flock replacement. Through April, the 1960 hatch of such chicks was down 33 percent from the year before, but in May and June hatchery output rose 21 and 65 percent above 1959. The July hatch also will be above 1959, because 58 percent more eggs were in incubators on July 1. As a result of the spurt in the late hatch, the 1960 number of chickens raised will not be down as sharply as was indicated earlier.

This decline in chickens raised will result in a reduced number of pullets being on hand at the beginning of 1961. Since the number of pullets hatched in 1959 also was down - limiting the number of old hens to be available after culling later this year - January 1, 1961 flock will be smaller than at the beginning of this year - perhaps by 6 or 7 percent. The decline from July 1, when the laying flock was the same as last year, probably will be gradual. The decline will tighten egg supplies, and egg prices are likely to be above a year earlier for most of the rest of 1960.

Broiler chick placements in May and June were 12 percent above last year, indicating a similar increase in supplies for slaughter beginning in mid-July. However, prices this summer are not likely to sag to the levels that prevailed in the summer of 1959, partly because of the prospective decline in supplies of pork. Even if broiler prices decline moderately from the 17.6 cents per pound of mid-June (U. S. average), they would still be higher than during the late summer and fall of 1959.

Turkey production in 1960 will about equal the 82 million birds raised in 1959. The crop will include fewer light-breed (Beltsville) turkeys and more heavy whites, some of which will be sold at light weights. Turkey prices to farmers - averaging 24 cents per pound in mid-June - have been well above year-before since November 1959, when prices rose sharply. While some seasonal adjustment from present prices is possible during the period of peak marketings, August-October prices for 1960 turkeys may exceed August-October 1959, when they averaged about 22 cents per pound.

OILSEEDS, FATS AND OILS

Prices received by farmers for soybeans are expected to continue comparatively stable at about \$2.00 per bushel through most of the summer, averaging a shade below last year. Prices late in the summer probably will decline seasonally with the approach of the 1960 soybean harvesting season. The 1960 soybean crop will be supported at \$1.85 per bushel, the same as last year's. Processors and exporters of soybeans likely will reduce their inventories to a minimum in anticipation of lower prices for 1960 crop soybeans during the heavy harvesting months this fall.

Soybean ^{crushings} in October-June 1959-60 (June estimated) were about 304 million bushels, down 8 million bushels from a year earlier. However, because of the higher outturn of oil per bushel of beans crushed, soybean oil output is running slightly ahead of last year. Soybean crushings during July-September 1960 are expected to be somewhat above the 89 million bushels last year, making the 1959-60 season's total about 400 million bushels, not greatly different from last year. Heavy crushings during the last quarter of the 1959-60 marketing season are being encouraged by the increased exports of bean oil under P. L. 480 and smaller supplies of lard and cottonseed oil.

Soybean exports continue at a record pace, totaling about 118 million bushels (based in part on inspection data) from October 1959 through mid-July 1960, compared with 94 million bushels the same period the previous year. They probably will total around 130 million bushels for the 1959-60 marketing year, up about 20 million from the year before. Record exports of U. S. soybeans has taken place despite recent heavy northbound shipments of soybeans through the Suez Canal, primarily from mainland China. Imports of soybeans by Western Europe, particularly West Germany, the United Kingdom, and the Netherlands, have increased sharply so far this marketing year.

The above estimates of crushing and exports indicate that the carryover of soybeans on October 1, 1960, will be around 40 million bushels compared with the record 62 million bushels the same date a year earlier. CCC likely will be holding a substantial part of the prospective soybean carryover.

Soybean oil prices (crude, Decatur) this season declined from 8.6 cents in October 1959 to 7.6 cents in February and March. Prices since have

strengthened and in June averaged 8.6 cents per pound, about 1.0 cents below last year. Bean oil prices during the rest of the marketing year likely will continue relatively stable, averaging lower than the 9.2 cents per pound during July-September 1959. Soybean oil prices during the fall probably will show some seasonal decline.

Exports of soybean and cottonseed oils in October-May 1959-60 totaled 883 million pounds, 154 million more than the previous year. A sharp rise in cottonseed oil sales for dollars more than offset the drop in soybean oil shipments under P. L. 480. Exports of these edible vegetable oils under P. L. 480 during the 8 months accounted for 30 percent of the total exports compared with 60 percent of the total in the corresponding period last year.

A heavy export movement of edible oils during June-September 1960 is in prospect, mainly reflecting a sharp pickup in soybean oil shipments under P. L. 480. Total exports of soybean and cottonseed oils for the entire 1959-60 marketing year probably will set a new record of over 1,400 million pounds compared with 1,336 million last year.

Lard output in 1960-61 is expected to drop 6-7 percent from the 2,700 million pounds now estimated for the current marketing year. The decrease would reflect a drop in hog slaughter. This means that lard prices in 1960-61 probably will average a little higher than this year.

The 1960 flaxseed crop was estimated as of July 1 at 32 million bushels, up 9.5 million from last year's short crop. The increase mainly reflects better yield prospects this year as the 1960 acreage planted to flax is up only slightly. A flaxseed crop the size of the one indicated would be above domestic requirements. Prices to farmers would likely average somewhat above the support price of \$2.38 per bushel but less than the \$3.02 received for the 1959 crop.

The July 1 crop report indicated soybeans planted alone for all purposes at 24.4 million acres, 5 percent more than in 1959. About 23.6 million acres of the total will be harvested for beans if growers carry out their intentions. Cottonseed output may be up slightly this year because of the 3 percent increase in cotton acreage planted.

The first production forecasts for soybeans and cottonseed will be released in August.

FEED

Total supplies of feed grains and other concentrates for the 1960-61 feeding year are expected to be slightly above the record supply last year, based on July 1 prospects. Feed grain production based on July 1 indications will total around 159 million tons, 4 percent below the record 1959 crop. But the prospective smaller crop is expected to be a little more than offset by larger carryover into 1960-61.

The 1960-61 corn supply will total nearly 6.0 billion bushels on the basis of July 1 indications, slightly above last year's record supply of 5.9 billion bushels. Supplies of oats and barley for 1960-61 are estimated to be a little smaller than in 1959-60. Supplies of high-protein feed are expected to equal, if not exceed, the 1959-60 total with another big crush of soybeans in prospect.

The 1960 season has been favorable so far for hay crops and pastures. Hay production is estimated at 116 million tons, 3 million more than in 1959. The May 1 carryover of a little over 17 million tons, however, was 8.5 million tons smaller than last year, bringing the total supply to 133.0 million tons, 5.6 million below the 1959-60 supply.

The number of grain-consuming animal units to be fed in 1959-60 is now estimated at 168.4 million, 2 million less than in 1958-59. Fewer hogs and poultry on farms this year are only partly offset by the increased number of beef cattle on feed. The number of grain-consuming livestock on farms in 1960-61 is expected to decline another 2 million units to 166 million, principally as a result of the smaller 1960 pig crop.

Feed grain prices continue lower than a year earlier this summer, although they have advanced seasonally since last winter. In June prices received by farmers were down 5 percent from a year ago. High-protein feed prices, which have declined since January, averaged about 8 percent lower in the first half of July than a year earlier. Ample feed supplies and reduced demand from hog and poultry producers influenced feed prices in the first half of 1960. Prices probably will continue lower than a year earlier this summer and fall if prospects continue favorable for 1960 crops.

In the first half of July, No. 3 Yellow corn at Chicago averaged \$1.21 per bushels, 5 cents lower than a year earlier. If prospects for the new crop continue favorable for 1960, corn prices probably will decline seasonally during the next few months and average somewhat below the 1960 support level during the fall and winter. Oat prices have been high in relation to corn during 1959-60 and probably will continue relatively high in 1960-61 in view of the short oat supply in prospect.

WHEAT

The total wheat supply for the marketing year beginning July 1, 1960 is now estimated at a record of about 2,635 million bushels, 9 percent above the previous record of 2,414 million bushels a year earlier and 30 percent above the 1954-58 average of 2,034 million bushels. This increase primarily results from the larger wheat crop expected in 1960. The crop was estimated on July 1 at 1,347 million bushels, an increase of 219 million bushels over that produced in 1959 and the third largest in our history. The July 1 carryover was estimated, before the official figure was released on July 25, at about the same as a year earlier. The supply for 1960-61 includes an allowance for imports of about 7 million bushels, largely of feeding quality wheat and wheat for seed.

Domestic disappearance for 1960-61 is now estimated at about 625 million bushels, slightly above that estimated for the previous year. Exports are assumed at about 500 million bushels. This compared with the current estimate for 1959-60 of 510 million bushels, which are the second largest exports in our history. These estimates point to a carryover on July 1, 1961 of about 1.5 billion bushels. Such carryover would be about 225 million bushels above that indicated for July 1, 1960.

Winter wheat prices reached seasonally low levels in early July, with prices at Kansas City and St. Louis about 22 cents below the support rate. This compares with a low at Kansas City of about 25 cents below the support in 4 of the past 5 years. Prices in 1958 declined to about 44 cents below the support, reflecting the influence of the heavy marketing of the all-time record crop. Spring wheat prices reach their low points later than winter wheat prices. In 1957 and 1958, spring wheat prices were lowest in late August, but in 1959 prices reached low levels in late July, because the small crop caused prices to advance earlier than usual.

As in other years, prices to growers will advance after the heavy movement slackens following harvest, reflecting the influence of the support program. The 1959-60 average price to farmers is estimated at \$1.76, about 5 cents above the average support rate after allowing for storage charges. The price in 1960-61 is again expected to average above the effective support rate.

RICE

The supply of rice for the year beginning August 1, 1960 is estimated at 66.5 million cwt., rough rice equivalent, 3.4 million cwt. below a year ago and 6.5 million below the 1954-58 average. Production, estimated at 53.1 million cwt., is about unchanged from a year ago, but the carryover is smaller because of large exports.

Domestic disappearance in 1960-61 is expected to total about 27.0 million cwt., slightly above 1959-60. Exports may total about 30.0 million cwt., which is about the same as estimated for 1959-60, but considerably above the 1954-58 average of 21.7 million. The 30.1 million cwt. expected to be reached in 1959-60 is second only to the record 37.5 million exported in 1956-57. Exports are largely Government financed. The carryover August 1, 1961 may be about 9.0 million cwt., down from the 13.0 million estimated for August 1, 1960 and sharply below the record large 34.6 million of 4 years ago.

The average price received by farmers in 1959-60 is estimated at \$4.60 per cwt., compared with \$4.68 a year earlier and the 1948-57 average of \$4.93. The mid-June average price was \$4.69, 7 cents above a month earlier but 42 cents below a year earlier.

The advance minimum national average price support for 1960-crop rice was announced on December 1 at \$4.36 per cwt., 75 percent of the December 1959 parity price of \$5.82 per cwt. The national average price support for 1959-crop

rice was \$4.38 per cwt. If August 1, 1960 parity price is above \$5.82, support will be 75 percent of that figure. The price support program will be carried out through loans and purchase agreements as in past years. Producers who remain within their acreage allotments will be eligible. Growers who exceed their farm acreage allotments will be subject to marketing quota penalties. The penalty amounts to \$3.85 per cwt. (65 percent of the June 15 parity) on their excess production. However, the penalty on any excess production may be avoided or postponed by storage or by delivery to the CCC or any other agency designated by the Department of Agriculture. None of the production on farms which exceeded their allotments will be eligible for price support.

FRUIT

Consumer demand for fresh fruit continued good in early July and supplies were generally smaller than in July 1959. Grower prices for most deciduous fruits averaged about the same as or higher than a year earlier. An exception was peaches, of which fresh market supplies were heavy and prices lower. Many of these peaches came from the 9 Southern peach States, where production is up slightly this year and market movement was retarded until late June and early July. Prices for the lighter supplies of California Valencia oranges also have tended to be higher than last year.

The 1960 deciduous fruit crop is expected to total 7 percent smaller than the large 1959 crop, but 3 percent above the 1949-58 average, according to the July crop report. Except for sweet cherries and grapes, all major fruit crops are indicated smaller than last year. The 1960 sweet cherry crop is 5 percent larger than the light 1959 crop, and prospective production of grapes is about the same as the heavy 1959 crop. Total U. S. production of peaches other than California clingstones is down 2 percent from 1959, but that of California clingstones, used mostly for canning, is about the same as last year. The pear crop is down 6 percent from 1959 and the commercial apple crop is down 12 percent. Lighter crops of almonds and filberts, but a heavier crop of walnuts are in prospect.

The generally smaller 1960 deciduous crops probably will result in some reductions in fresh market supplies this summer compared with a year earlier, though such supplies will be seasonally large. A more important result of the smaller crops is likely to be lighter packs of canned and frozen fruits. Although movement of the record large 1959 pack of canned fruits from canners to the trade has been heavy, total carryover stocks of 9 items in canners' hands on June 1, 1960 were 16 percent larger than a year earlier. But wholesale distributors' stocks of the same items were down about 10 percent, leaving a net increase of approximately 5 percent. Cold-storage stocks of frozen deciduous fruits (excluding juices) on July 1, 1960 were down 8 percent from a year earlier.

Supplies of fresh citrus fruit during summer will consist mostly of California Valencia oranges, grapefruit and lemons, and Florida limes. Remaining supplies of oranges and grapefruit are somewhat lighter than a year ago, those of lemons are not greatly different, and those of Florida limes are heavier. In early July, shipping-point prices for the larger sizes of California

Valencias averaged higher than a year earlier. But a greater than usual percentage of the remainder of the crop is small-sized oranges, which are discounted heavily. Of lemons, the extra-choice grade of large-sized fruit brought prices higher than a year earlier, the choice grade brought lower prices.

Processing of 1959-60 crop Florida citrus was practically completed by July 1. Output of frozen orange concentrate was over 78 million gallons, compared with nearly 80 million in 1958-59. Stocks in the hands of packers on July 2, 1960 were about 42 million gallons, about the same as a year earlier. Aided by an industry program last fall and by reduced prices, movement this season has been up sharply. Assuming continued heavy movement, carryover stocks next fall should be down somewhat from the relatively large stocks in the fall of 1959. Stocks of Florida canned single-strength orange and grapefruit juice continue above a year earlier.

COMMERCIAL VEGETABLES

For Fresh Market

As usual, supplies of fresh vegetables will be at their seasonal peak during the summer. However, early estimates for crops which make up about two-thirds of the summer tonnage indicate that supplies, excluding melons, are likely to be slightly smaller than a year earlier. During June growth of vegetables was delayed by dry weather in parts of the Southeast, cool, wet weather in the Central and Northeastern States, and cool weather in the Pacific Northwest. Crops in California and the Southwestern States generally made good progress.

Among the more important items, prospective production of cabbage is up slightly, summer lettuce up moderately, and cucumbers and early summer onions up substantially from last year. More than offsetting these increases are substantial reductions in supplies of sweet corn and early summer tomatoes, and slight to moderate reductions for carrots, celery and snap beans. Output of lima beans, beets, escarole and garlic is also larger than a year ago, but that of cauliflower, eggplant and spinach is smaller. Both cantaloups and watermelons are expected to be in materially larger supply than a year ago. Increases are in prospect for both early and late summer watermelons. The important mid-summer crop of cantaloups is expected to be 15 percent larger than a year ago.

If present production prospects materialize, prices to grovers and at retail for fresh vegetables during the next 6 to 8 weeks probably will average moderately higher than a year earlier. Prices of cantaloups and watermelons probably will be lower.

Processed

Current supplies of canned vegetables are substantially smaller than those of a year ago, but generally adequate. Stocks of frozen vegetables are

also substantially smaller than in July 1959, but slightly above the recent 5-year average. Holdings of spinach, "other" frozen vegetables and french fried potatoes were larger than a year ago, but most other frozen items were down.

Acreage of vegetables for processing is about the same as a year ago. Early reports indicate that acreage for canning is a little smaller than in 1959, and acreage for freezing at least moderately larger. Should yields be near the average of recent years on the indicated acreage, production for canning would be close to that of last year and tonnage for freezing at least moderately larger. Because of smaller beginning stocks, total supplies of canned vegetables in the 1960-61 season would be moderately smaller than last season, while supplies of frozen vegetables would be a little larger. Prices of processed vegetables both at the packer and retail level probably will average a little higher this season than last.

POTATOES AND SWEETPOTATOES

Production of potatoes is slightly smaller this summer than last. Production of the early summer crop at 15 million hundredweight, is moderately larger than a year ago. Also, there was more overlap of supplies from the 20 percent larger late spring crop. But production of the important late summer crop is 5 percent smaller than in 1959. Prospective acreage of potatoes for fall harvest is 5 percent larger than last year.

Prospective production of sweetpotatoes at 14.7 million hundredweight is down about a fifth from 1959, and the smallest since 1881. As usual, prices for the light early movement have been relatively high. With smaller supplies in prospect, prices to growers are expected to average substantially higher this summer than last and retail prices at least moderately higher.

DRY BEANS AND PEAS

Current supplies of white classes of dry beans are relatively large but demand continues at a high level. Colored classes will remain in tight supply and high priced until harvest of the 1960 crop.

Total supplies of dry beans in the coming season are expected to be moderately smaller than in the 1959-60 season. An expected decline in supplies of white beans is likely to more than offset any increase in colored classes. Prices of colored classes are expected to average below the high levels of the previous season. Prices of white beans are likely to average moderately above those of the previous season.

Estimated production of dry peas is down about a fourth from 1959. This decline may be partly offset by larger stocks at the beginning of the 1960-61 season. Nevertheless, supplies in the coming season are expected to be materially smaller than the large supplies of the 1959-60 season. Prices to growers for 1960-crop peas probably will average substantially higher than for the 1959 crop.

COTTON

The land planted to cotton in the United States in 1960 is estimated at 16.3 million acres, about one-half million more than a year earlier. Allotments for the 1960 crop totaled about 17.6 million acres. The largest underplanting occurred in the Southeastern States where only about 85 percent of the allotments was planted. About 94 percent of the allotments was planted in the Southwest and Delta States and more than 98 percent in the West. The pattern was similar in 1959, though underplantings in the Southwest and Delta States were somewhat more than this year.

The average 14-spot market price for Middling 1-inch cotton has been relatively steady in recent months. Since January the average monthly price has been between 32 and 32.24 cents per pound. On July 19 the average 14-spot market price was 31.96 cents per pound. A year earlier market prices were also steady, but at a level of about 1-1/2 cents per pound higher.

Exports of cotton in the 1959-60 marketing year are expected to be about 7.0 million bales. Exports during the preceding marketing year were 2.8 million bales. Domestic mill consumption during the current season probably will be about 9 million bales compared with 8.7 million bales in 1958-59. The carryover of cotton on August 1, 1960 is expected to be more than 1-1/4 million bales smaller than the carryover of 8.9 million bales a year earlier.

World production of manmade fibers in 1959 was a record high, equivalent to about 20.4 million bales of cotton. This compares with the previous record of approximately 18.6 million equivalent bales in 1957. Production of non-cellulosic manmade fibers has been increasing rapidly in both the United States and abroad in recent years. Production of rayon and acetate has also been increasing rapidly in foreign countries but has not increased markedly in the United States in recent years.

WOOL

Wool prices have moved downward slightly during the past month in most world markets. The Australian auction prices are 2-5 percent less than a month ago. Prices of domestic wools at both Boston and the grower level are also below a month ago.

The average mid-month price received by U. S. growers for shorn wool was 44.1 cents per pound in June 1960 down from 45.1 cents in May 1960 but slightly above the 43.5 cents received in June 1959. Demand for the medium fleeces has been strong with prices of these wools relatively higher compared with a year ago than those of fine wools. This has resulted in a narrowing of the price differential between fine and quarterblood wools to only a few cents on a clean basis.

U. S. mill consumption of raw wool totaled 178.4 million pounds, scoured basis, during January-May 1960, 3 percent less than the same period a year ago. Apparel wool consumption was 105.3 million pounds, more than 5 percent less than a year ago, while mill use of carpet wool was 73.1 million pounds, slightly above the 72.0 million pounds in the same period a year before. The seasonally adjusted weekly average rate of apparel wool consumption during May 1960 was 4,851 thousand pounds, 1 percent above April 1960 but 7 percent less than May 1959. The adjusted weekly rate of mill use for carpet wools was 3,401 thousand pounds in May 1960, less than 1 percent above the adjusted rate of April 1960, but 8 percent less than the rate of May 1959.

Imports of foreign raw wools for U. S. consumption are below a year earlier, reflecting the large stocks accumulated during 1959 and reduced domestic consumption of wool during the first five months of 1960. During January-May 1960 these imports totaled 103.7 million pounds, clean content, compared with 146.5 million pounds during the same period a year ago. Dutiable wools totaled 66.3 million pounds during the first 5 months of 1960, 30 percent less than in 1959. Duty-free wool imports amounted to 37.4 million pounds during January-May 1960, 28 percent less than the same period a year ago.

TOBACCO

The July indication for production of all types of tobacco combined at 1,843 million pounds is nearly 3 percent above the total 1959 crop but over a tenth smaller than the 1949-58 average. Acreage of tobacco for harvest this year is estimated to be slightly below 1959, and fourth smallest in 50 years. As of July 1, average yield per acre for all types combined was indicated to be up about 3 percent from that realized last year to the second highest on record.

The July indication was for a total flue-cured crop of 1,170 million pounds, compared with 1,081 million harvested in both 1959 and 1958. Carryover of flue-cured on July 1, 1960 is estimated at 2,110 million pounds--about 5 percent below a year earlier. Carryover plus this year's production will provide a total 1960-61 supply of about 3,280 million pounds--slightly less than for 1959-60 and 11 percent below the record level of 1956-57.

The domestic use of flue-cured in the year ended June 30, estimated at 760 million pounds, is about 24 million larger than in the previous year. Exports at about 420 million pounds (farm-sales weight) were 5 percent below 1958-59 and the smallest in 7 years.

The southernmost auction markets for flue-cured--those in Georgia and Florida--will open July 28. Markets in South Carolina and Border North Carolina start August 11. Additional markets in North Carolina and those in Virginia will open later in August and September.

The Government support level for the 1960 flue-cured crop is 55.5 cents per pound. This is the same level as for the 1959 crop, in accordance with provisions of legislation enacted earlier this year.

Marketings of the 1959 crop of Maryland tobacco have been about completed. Auction markets closed July 15. The season auction average price was 60.7 cents per pound--about 1 cent less than last season's record level. The indicated 1960 crop of Maryland tobacco as of July 1 is 32.4 million pounds--about the same as the current estimate for 1959.

The 1960 crop of burley tobacco, estimated at 468 million pounds as of July 1, is 7 percent less than last year. This year's crop plus the carryover is expected to provide a total supply for 1960-61 of about 1,677 million pounds-- $3\frac{1}{2}$ percent below the 1959-60 level.

Flue-cured, burley and Maryland are mainly cigarette tobaccos. Fire-cured and dark air- and sun-cured are used mainly in snuff and chewing tobacco. According to July 1 indications, the 1960 fire-cured and dark air-cured tobacco production will be down 10 percent and 5 percent, respectively, from last year.

The July indication for Pennsylvania cigar filler was for a 13 percent decrease in production compared with 1959. Acreage is estimated to be a little smaller, and the prospective yield per acre is a tenth less than last year's record high. Indicated production of Ohio filler tobacco is 1 percent less than that harvested in 1959.

The Connecticut Valley cigar binder crop is indicated to be about 2 percent below 1959 and the second smallest on record. Production of the Wisconsin binder types may be up a sixth from last year.

Indicated production of shade-grown cigar wrapper in the Connecticut Valley and Georgia-Florida is up about 2 and 5 percent, respectively, from last year's harvestings. Carryover of these types is at a record high and total supply for 1960-61 is about 6 percent above 1959-60--the previous high.

Cigarette output in 1960 is likely to reach a new high and manufacture of cigars and cigarillos will probably exceed all except 1 or 2 years of the early 1920's. Output of the other tobacco products in 1960 seems likely to be lower than in 1959.

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